

The Matter of the South Manchuria Railway
Company. (Imperial Ordinance No. 142, dated
June 7, the 39th year of Meiji-1906).

Article 1. The Government shall cause the South Manchuria Railway Joint Stock Company to be established and let it manage railway transportation enterprises in Manchuria.

Article 2. The shares of the Company shall all be registered and shall be owned only by the Japanese and Manchukuo Governments or by their nationals. (As revised by Imperial Ordinance No. 20, dated January 19, of the 15th year of Showa-1940).

Article 3. The Japanese Government may offer as payment railways and their attached properties and coal mines in Manchuria.

Article 4. The Company, in issuing new shares, may issue them at several intervals, but the first issues shall not be less than one-fifth of the total amount.

Article 5. (A) The first installment payment of each share shall not be less than one-tenth of the total amount.

(B) The payment of the government-owned shares may differ from that of other shares. (Added by Imperial Ordinance No. 22, dated February 4, of the 8th year of Showa-1933). It is not necessary for the government to use the application form in subscription of its shares. (Added by Imperial Ordinance No. 20, dated January 9, of the 15th year of Showa-1940).

Article 6. The Company shall have its head office in Dairen, and its branch office in Tokyo. (As revised by Imperial Ordinance No. 359, dated May 20, of the 19th year of Showa-1944).

Article 7. The Company shall have one president, two vice-presidents, four or more directors, and three to five auditors. (As revised by Imperial Ordinance No. 416, dated June 19, of the 15th year of Showa-1940)

Article 8. The President shall represent the Company and superintend the business affairs thereof. (As revised by Imperial Ordinance No. 178, dated June 18, of the 4th year of Showa-1929).

In case the President is prevented from performing his duties, one of the vice-presidents shall perform the duties of the President, and when the President's post is vacant, he shall perform the President's duties. (As revised by Imperial Ordinance No. 423, dated June 18, of the 12th year of Showa-1937).

Vice-Presidents and directors shall assist the President and shall perform their assigned duties of the Company. (As revised by Imperial Ordinance No. 178 dated June 18, of the 4th year of Showa-1929).

Auditors shall audit the business affairs of the Company. (Added by Imperial Ordinance No. 101, dated April 11, of the 8th year of Taisho-1919).

Article 9. The President and Vice-Presidents shall be appointed by the government through the Imperial sanction, and the term of their office shall be five years. (As revised by Imperial Ordinance No. 178, dated June 18, of the 4th year of Showa-1929).

The Directors shall be appointed by the government and the term of office shall be four years. (Imperial Ordinance No. 359, dated May 20, of the 19th year of Showa-1944).

The Auditors shall be selected at the general meeting of shareholders and the term of office shall be three years (As revised by Imperial Ordinance No. 359, dated May 20, of the 19th year of Showa-1944).

Article 10. The amount of remuneration and allowance for the President, Vice-Presidents and Directors shall be decided by the government. (As revised by Imperial Ordinance No. 178, dated June 18, of the 4th year of Showa-1929).

Article 11. The President, Vice-Presidents and Directors, during the term of office, may not assume any post or engage in other business, no matter what their titles may be, but when the permission of the government is obtained, this restriction shall not be applied. (As revised by Imperial Ordinance No. 178, dated June 18, of the 4th year of Showa-1929).

(B) When the Company fixes the fiscal year, and contemplates distributing profits of the said fiscal year, it may distribute half of the prospective dividend of the paid-up capital, among shareholders other than the Japanese and Manchurian Governments, only once, at a certain time prior to the expiration of the competent fiscal year. But in such case, the amount of dividend shall be limited to the amount brought forward from the preceding fiscal year. (As revised by Imperial Ordinance No. 20, dated January 19, of the 15th year of Showa-1940).

The amount thus distributed in proportion to the afore-mentioned paragraph shall be regarded as a part of property of the Company at the calculation of the competent fiscal year, and shall be reduced from the amount to be distributed among shareholders other than the governments, in accordance with its calculation, despite changes among shareholders. (As revised by Imperial Ordinance No. 430, dated November 5, of the 10th year of Taisho-1921).

(C) The total amount of debentures of the Company may reach three times that of the paid-up capital. (As revised by Imperial Ordinance No. 32, dated January 24, of the 20th year of Showa-1945).

(D) Flotation of debentures, alteration of the articles of the Company, and other matters to be decided as provided in Article No. 343 of the Commercial Code, shall all be decided at general meeting of shareholders, when shareholders representing the half of the total amount of the capital are present, and decision shall be by a majority of those present. (As revised by Imperial Ordinance No. 359, dated May 20, of the 19th year of Showa-1944).

(E) The list of shareholders, and the debenture ledger may be accommodated in the Tokyo Branch Office. (added by Imperial Ordinance No. 259, dated June 18, of the 12th year of Showa-1937).

(F) Notice of a general meeting of shareholders shall be made three weeks prior to the date of meeting, in a public notice which shall also state the matters which are the object of the meeting.

Supplementary Provision: Provision No. (F) of Article 11, shall be abolished within one year after the termination of the Greater East Asia War. (Imperial Ordinance No. 359, dated May 20, of the 19th year of Showa-1944).

Article 12. The Government shall appoint superintendents for the South Manchuria Railway Company, and require them to superintend the business affairs of the company.

Superintendents may at any time inspect the facilities of enterprises, and examine safes, account books, and any other documents.

Superintendents, when they deem it necessary, at any time may order the Company to report on accounts and conditions of the Company in transacting business.

Superintendents may attend the general meetings of shareholders or any other meetings, and state their opinions, but shall not vote.

Article 13. The Government may issue orders, necessary for the supervision of enterprises of the Company.

The supreme commander of the Kwantung Army may issue necessary directives in connection with military affairs involving the business affairs of the Company, and in war time (including cases of incidents comparable to war), may in case of military necessity issue orders involving the business affairs of the Company.

In case the Company suffers losses on account of the orders provided for in the above-mentioned paragraph, the Government may make recompense within the limit of the budget for only those losses ordinarily arising. (As revised by Imperial Ordinance No. 613, dated July of the 17th year of Showa-1942).

Article 14. The Government may rescind resolutions of the Company or may dismiss officials, in case their acts are against the laws, orders or the objectives of the Company or detrimental to public welfare, in case they fail to perform the business affairs which the supervisory governmental organization orders, or in case they do not obey orders provided in paragraph two of the preceding article. (Imperial Ordinance No. 613, dated July 14, of the 17th year of Showa-1942).

Article 15. In case the Government deems it necessary, it may apply to Company laws or regulations involving railways within the Japanese Empire. In such cases, the Government shall notify the Company beforehand of the clauses of such laws or regulations to be applied.

Article 16. In cases not provided for in this Ordinance, provisions of the Commercial Code and its supplementary ordinances shall be applied.

Article 17. The Imperial Ordinance No. 266 issued in the 33rd year of Meiji, 1900, shall not be applied to companies established under this law.

SUPPLEMENTARY PROVISIONS.

Article 18. The Government shall appoint the Organizing Committee, and shall cause it to discharge all necessary affairs in connection with the establishment of the South Manchuria Railway Company.

Article 19. The Organizing Committee shall draw up the articles of the association of the Company, and offer the first shares for subscription, after obtaining the Government's permission.

Article 20. The Organizing Committee, after completing the first offer of shares for subscription, shall submit the applications for shares to the Government and obtain permission for the establishment of the Company.

Article 21. When the aforementioned permission has been obtained, the Organizing Committee shall ask for the payment of the first installment, without delay, on individual shares.

Article 22. When the inaugural meeting is over, the Organizing Committee shall transfer its business affairs to the President of the South Manchuria Railway Company.

N. B. ---- Imperial Ordinance No. 366 provided in Article No. 17 of this ordinance is that "In Reference to Imperial Companies which Construct Railways in Foreign Countries".

This ordinance shall be in force from the date of its promulgation.

Despite revised regulations provided in Article No. 2, for the time being Chinese nationals may own shares of the South Manchuria Railway Company. (Added by Imperial Ordinance No. 20, dated January 19, of the 15th year of Showa, 1940).

Article 11 (F) shall be abolished within one year after the termination of the War of Greater East Asia. (Imperial Ordinance No. 359, dated 20th May, 19th year of Showa, 1944.)

This document was copied exactly from the original.

7th June, 21st year of Showa /1946/
Masakatsu SUZUKI, Chief of the Continental Section,
Economic Dept., Superintence Bureau,
Foreign Ministry.

The Articles of the South Manchuria Railway Company.

Chapter I. General Provisions

Article 1.

This company shall be called the Minami Manshu Tetsudo Kabushiki Kaisha - The South Manchuria Railway Company Limited - and is established following the Japanese Government's order based upon Imperial Ordinance No. 142, the thirty-ninth year of Meiji, 1906.

Article 2. Deleted.

Article 3.

This company has its headquarters in Dairen, and its branch office at Akasaka-ku, Tokyo.

Article 4. Objects of this company are as follows:

- (1) The operation of the following railway transport services in Manchuria Section: Dairen-Hsinking. Chu-tzuchieh - Port Arthur.
Tafangshen - Lu Shu Tun. Tashih/chiao/- Yinkou.
Yentai - Yentai Coal Mine. Suchiatung - FuShun.
SuChiatung-Antung. Chin-chou - Cheng tzu tan.
- (2) The operation of the following collateral enterprises for the convenience of the company: mining; water transport services; motorcar services; electrical industry; warehousing; management of land and dwellings.
- (3) The operation of such other business as may be permitted or approved by the government.

Article 5.

The capitalization of the company shall be ¥ 2,400,000,000. However, the amount of the first issue of shares shall be ¥ 20,000,000 besides those shares owned by the government, and thereafter the second issue will be floated as necessary, according to the decision of the shareholders' general meeting.

Article 6.

The public notifications of this company shall be made through the official gazette, and the same notifications also shall be made in the official bulletin of the Kwantung Bureau /Kanto-Kyoku/ and in that of the Manchukuo Government.

Chapter 2. Shares.

Article 7.

All the share certificates of this company shall be registered, and the value of each share shall be fifty yen.

Article 8.

The share certificates of this company shall be classified into the following eight kinds: 1 share certificates, 5 share certificates, 10 share certificates, 50 share certificates, 100 share certificates, 1,000 share certificates, 10,000 share certificates, 1,000,000 share certificates.

Article 9.

The name of the company, the date of registration, the total capitalization, the value of one share and the share number shall be mentioned on the share certificate. The signature and seal of the president of the company must also be given.

Article 10.

On and after the second call, the president of the company must give previous notice, concerning the payment of shares to all the shareholders at least sixty days in advance, the amount and date of payment being decided by the president in conformity with the necessities of the enterprises.

Article 11.

If a shareholder or share-subscriber does not pay up his shares by the date fixed, then interest for delay of four sen per hundred yen a day shall be collected against the amount of money to be paid.

Article 12.

If the share-subscriber does not pay up his shares even after fifteen days after the first call, another date to pay shall be set, and if again no payment is made by this date, he may be informed of the loss of his right. However, it is necessary to notify him of this information thirty days before the date of payment. If the right in the above case is lost the warrant money already paid up cannot be refunded.

Article 13.

If the shareholder does not pay up his shares even after fifteen days on and after the second call, then another paying date shall be fixed, and if still no payment is made by the day fixed for payment, the company may inform the shareholder or the pledgee whose name is inscribed on the shareholders' list of the fact that these shares are to be disposed of by the company. However, it is necessary to notify him of this information thirty days prior to the date of lapse of his right. If the shareholder still does not pay up, neglecting the due formalities taken in accordance with the above-mentioned rules the shares shall be sold at auction by the company. However, it may sell them by other measures, if the permission of a court of justice is obtained. If the amount of money obtained by the above-mentioned disposition does not come up to the sum to be paid in, the company may demand that the former shareholder pay the shortage, and if this shareholder does not pay within two weeks the company shall be able to demand it from the transferer.

Article 14.

The responsibility of the transferer shall be limited only to matters regarding the shares, the payment for which has been claimed by the company according to the provisions of Article 10 within two years after the transfer of the shares has been entered in the list of shareholders.

Article 15.

If a company or other juridical person, either public or private, has shares of the company, a representative must be selected and entered in the list of shareholders of the company.

If the shares are jointly owned by several persons, it is necessary that the joint owners decide on one person so that he may exercise the right of the shareholders. The joint owners have a joint responsibility for paying up the shares.

Article 16. - I

If a share is to be transferred, the persons concerned must demand of the company the change of the names of the shareholders by a letter signed jointly in the form fixed by the company. However, no joint signature is required for the transfer of shares made by the endorsement of the scrip.

In demanding the change of the name of shares, anyone having obtained shares by the commencement of succession as well as by the execution of will, laws or judgements must do so by submitting a copy or an abstract of his census register or an official certificate. Regarding the second clause the company may sometimes demand of him to bring forward other documentary evidence, if necessary.

When the payment of shares is being delayed, until the shareholder completely pays up the interest for the arrears or other loss the change of the name of shares cannot be made.

The transfer of shares does not become effective to the company unless the transferer has his name and residence entered in the list of shareholders and also his name entered on the share certificates.

Article 16. - II

In demanding to have the name and residence of the pledgee entered in the list of shareholders and the name on the share certificates in case shares are made the object of the right of pledge, the creator of the right of pledge must do so in the following form fixed by the company. It is also the same in the case of demanding the cancellation or the registering of the transfer of the right of pledge.

Article 16. - III.

In case shares are made the object of trust, and the truster or the trustee demands to have the shares entered as a trust property in the list of shareholders and also indicate them as a trust property in the share certificates, he must do so in the form fixed by the company. It is also the same in case their cancellation is demanded.

Article 17.

A shareholder who has damaged his share certificate may request a new one in exchange for the damaged one.

The shareholder who has lost a share-certificate may demand the issue of a new one, submitting a letter explaining the reason in detail and appending a copy of the sentence of the court of justice stating that the above certificate is null and void.

The shareholder who has lost the receipt of the payment of the first call may demand the issue of a new share certificate, submitting a deed explaining the reason in detail under a joint signature of more than two guarantors approved by the company.

In this case this company shall make a public notification regarding the matter by the expenses of the applicant, and the new share certificate shall be issued only when there is no one to make a protest against it even after the lapse of sixty days after the day of the notification.

Article 18.

Those who desire to change the kinds of share certificates shall append a written claim to the share certificate to be changed and submit it.

Article 19.

The company shall collect fee for the transfer of shares, the register of the right of pledge of shares, the cancellation of its register, the indication of shares as trust property and its cancellation, the issuing of new share certificates, as well as the change of the classes of shares.

Article 20.

The company shall suspend all dealings regarding Clauses 1 and 2, Section 1 and 2 of Article 16 during the period not more than thirty five days prior to the regular general shareholders' meeting as well as for thirty one days between the 10th of November and 10th of December every year.

If the company deems it necessary, it shall suspend the dealings of the above for a fixed period with a previous announcement, besides the periods prescribed in the above clause.

Chapter III. Shareholders.

Article 21.

The shareholders of this company shall be limited to the Japanese and Manchukuo Governments and to the nationals of Japan, Manchukuo and China.

Article 22.

The Japanese Government shall invest the following assets, and the company shall allot two million shares for every one hundred million yen of its investment.

- (1) The existing railways (excepting cars in use at present, rails of light railway service between Mukden and Antung, and appurtenances.)
- (2) All properties belonging to the above-mentioned railways, except the properties in the leased territory which have been designated by the government.
- (3) Coal mines in Fushun and Yentai. Besides the investments shown in the previous paragraph, the Japanese Government has subscribed for shares valued at ¥ 120,000,000 on December 1st of the 9th year of Taisho, 1920, according to Law No. 34 of the same year, for which the Company shall allot 2,400,000 shares.

On the day of subscription for the shares in the previous paragraph, the Japanese Government, taking over the duty to pay the principal and interest for the sterling debentures of this company valued at £ 12,000,0 shall cover the payment of the shares amounting to ¥ 117,156,000.

Besides those mentioned in the above paragraphs, the Japanese Government has subscribed for shares, amounting to ¥ 180,000,000 on the 16th of July in the 8th year of Showa, 1933, according to Law No. 34 of the 8th year of Showa, and the company shall issue 3,600,000 shares for them.

On the day of subscription for the shares in the previous paragraph, the Japanese Government, taking over the duty to pay the principal and interest for the sterling debentures of the company valuing £ 4,000,000, shall cover the payment of ¥ 2,844,000 of shares which were subscribed for according to Law No. 34 of the 9th Year of Taisho, 1920, as well as ¥ 36,208,000 of those shares according to the provision of the previous paragraph.

In addition to those in each of the previous paragraphs, the Japanese Government shall subscribe for ¥ 300,000,000 of shares on the 1st of July in the 15th Year of Showa, 1940, for which the company shall issue six million shares. Besides those in each of the above paragraphs, the Japanese Government shall subscribe for ¥ 500,000,000 of shares on the 2nd of July in the 20th Year of Showa, 1945, and the company shall issue 10,000,000 shares for them.

Article 22. - 2

The Company shall allot to the Manchukuo Government ¥ 50,000,000 out of the capital increased according to the decision of the shareholders' extraordinary general meeting held on the 2nd of January in the 5th Year of Showa 1930, and shall issue one million shares for the amount. Besides the above, the company shall allot to the Manchukuo Government the amount of ¥ 175,000,000 out of the capital increased according to the extraordinary general shareholders' meeting held on the 20th of January in the 20th Year of Showa, 1945, and shall issue 3,500,000 shares for them.

Article 23.

Each shareholder shall have one vote per share.

Article 24.

The shareholder or the legal representative shall notify the company of his name, residence, and his legal seal on obtaining shares and the pledgee or the legal representative on registering the right of pledge.

In case of a change in any of these, notification must be made.

The shareholder or the legal representative, the pledgee or the legal representative whose residence is abroad, can have a temporary residence or a representative in the Empire. In this case, the Company shall be informed of the temporary residence or the representative. In case of a change in any of these, notification must also be made.

Chapter IV. General Meeting

Article 25.

The ordinary general meeting shall be held in June every year, while an extraordinary general meeting shall be called by the president when the president or the auditor deems it necessary, or when the call for a general meeting is demanded by shareholders whose shares total more than one tenth of the total number of shares, with a letter explaining the aim of the general meeting and the reason for the call. However, when shareholders demand the calling of a general meeting, it is necessary that the president go through the procedure of calling the meeting within two weeks.

The general meeting shall be held in Tokyo.

Article 26.

The general meeting shall not take up subjects beyond those notified beforehand.

Article 27.

The date, hour, and the place of the general meeting shall be decided by the president, and the announcement shall be made at least three weeks beforehand.

Article 28.

The president shall act as the chairman of the general meeting.

Article 29.

The shareholder shall be able to entrust only a shareholder of this company to be a proxy for him. In this case a letter of attorney shall be presented to the company.

Article 30.

The chairman of the general meeting shall not be prevented from exercising the voting right of a shareholder.

Article 31.

The decision of the general meeting shall be made by a majority of the votes of the shareholders attending the meeting.

Article 32.

The flotation of debentures, the change of the company contract, and those items for which a decision as provided in Article 343 of the Commercial Law is necessary, shall be decided by a majority of the votes of shareholders, whose total shares are more than half of the total amount of the capital.

If the number of the shareholders who attend the meeting does not reach the number fixed in the above clause, a provisional decision shall be made by a majority of the votes of the shareholders attending the meeting. Each shareholder shall be informed of the purport of this provisional decision and a second general meeting shall be called within one month. In the second general meeting and aye or no of the provisional decision shall be decided by a majority of the votes of the shareholders attending the meeting.

Article 32 - 2.

As for the following items, they may not require the decision of a shareholders' general meeting:

- (1) The change of the articles of incorporation regarding the site of a branch caused by its establishment, abolition or removal.
- (2) Transfer of one part of the business for an equivalent not beyond one twentieth of the Capital.
- (3) Transfer of the whole business of another company, for an equivalent not beyond one twentieth of the Capital.
- (4) The decision on the remuneration for the auditors.

Article 33.

The essentials and the results of the proceedings must be recorded in the minutes of the general meeting, and the chairman and directors attending shall sign the minutes.

Article 34.

The adjournment or continuation of the meeting may be decided at the general meeting.

The chairman of the general meeting may change the place of the meeting.

Chapter 5. Officers.

Article 35.

Officers of the Company are as follows:

President---one; Vice-Presidents---two; Directors---four or more;
Auditors ---three to six.

Article 36.

The term of office of the President and Vice-Presidents shall be five years, and the Government shall appoint the President and Vice-Presidents after the Imperial sanction has been obtained. The term of office of Director shall be four years, and the Government shall appoint the Directors.

The term of office of Auditors shall be three years, and they shall be elected at the general meeting of shareholders.

Article 37.

The amount of remuneration and allowance for the President, Vice-President and Directors shall be decided by the Government.

Article 38 - Deleted.

Article 39.

In case a vacancy has been created among the auditors, an extraordinary general meeting shall be called, and a by-election shall be held; and the newly appointed shall assume the post of auditor for the rest of the term of office held by the predecessor, but except when the number of auditors has decreased to two or less, by-elections may be postponed until the next general meeting.

Article 40.

The President shall represent the Company, and superintend the business affairs thereof.

In case the President is prevented from performing his duties, one of the Vice-Presidents shall act in his place in performing his duties and in case of vacancy of the President's post, one of the Vice-Presidents shall perform the duties of the President.

Vice-Presidents and Directors shall assist the President and shall take part in the management of the business affairs of the Company.

Auditors shall audit the business affairs of the Company.

Article 41.

The President, Vice-Presidents, and Directors, unless they obtain approval of the Government, shall not assume other duties or engage in other business under any title whatsoever during their terms of office.

The President, Vice-Presidents and Directors, when they obtain the aforementioned permission, may become unlimited partners or directors of corporation whose objective is the management of similar business, without obtaining the approval of the general meeting of shareholders.

Article 42.

The President shall provide the head office and branch offices with the articles of incorporation and minute-books of the general meetings of shareholders, and provide the Tokyo branch office with the list of shareholders and the ledger of debentures.

Article 43.

The President shall have to submit the following documents to the auditors two weeks prior to the date of general meeting of shareholders.

- (A) An inventory.
- (B) A balance sheet.
- (C) Reports of business affairs.
- (D) A statement of profit and loss.
- (E) A plan re the allotments to the reserve fund and dividends.

Article 44.

The President shall provide the head office with the aforementioned documents and the reports of auditors, a week prior to the date of the ordinary general meeting of shareholders.

Article 45.

The President shall submit the documents mentioned in Article 43 to the ordinary general meeting and shall obtain its approval.

The President, after obtaining the aforementioned approval, shall make public the balance sheet.

Article 46.

The Auditors shall examine the documents to be submitted by the President to the general meeting of shareholders, and shall report their opinions at the meetings.

Article 47.

The Auditors may request of the President at any time a report of the condition of the company, and may inspect the business affairs and the properties of the Company.

Chapter 6. Superintendents.

Article 48.

The Superintendents of the South Manchuria Railway Company may at any time superintend equipment and accommodations of the enterprises and may examine the safes, books, and any other documents of the Company.

The Superintendents, at any time, if they deem it necessary, may order the Company to submit its accounts and report on the condition of its business.

The Superintendent may attend the general meetings of shareholders, and other meetings, and express their opinions, but they shall not be counted at the vote.

Chapter 7. Accounts.

Article 49.

The fiscal term of the Company begins on April 1, and ends on March 31.

Article 50.

The Company shall save up over one-twentieth of its profit as a reserve fund, at every payment of dividends until the total amounts to a quarter of the capital.

Reserve funds other than aforementioned shall be decided by the resolution of the general meetings.

(3) Bonus and social expenses of the officers shall not exceed two per cent of the net profit of the competent fiscal term.

Article 51.

Dividends for shareholders shall be paid to shareholders and registered pledgees, according to the list of shareholders as of 1 June.

Article 52.

When the Company has a prospect of paying dividends during the competent fiscal year, it may pay half of the prospective dividend to the paid-up capital only once, before the end of the said year, to shareholders and registered pledgees other than the Japanese and Manchoukuo Governments; but in such case, the amount of dividend shall be limited within the amount brought forward from the preceding fiscal year.

The dividend under the preceding provision shall be paid according to the shareholders on record as of 1 December, every year.

The dividend paid under the provisions of the preceding two paragraphs shall be regarded as the property of the Company at the calculation of the competent fiscal year, and the ordinary general meeting shall decide the

dividend of profit based upon this calculation; but the payment of dividends to shareholders other than the governments shall be made from the remainder after the amount of dividend paid under the regulation provided in paragraph I is reduced.

Article 53.

In case the dividend of any fiscal year does not surpass six percent a year of the amount paid-up, the Company need not pay dividends to shares owned by the Japanese Government. The shares owned by the Manchoukuo Government shall be treated in like manner with those owned by the Japanese Government.

Article 54.

On debentures which the Company issues for construction of railways or for the management of its accessory enterprises, and on other debentures to be issued for the redemption of the said debentures, the government shall guarantee the payment of interest; and if necessary, the payment of the principal.

The total amount of debentures to be guaranteed by the Japanese Government shall not exceed twice the amount of paid-up shares, and shall not exceed the total amount of the capital.

Article 55.

For the debentures to be issued in accordance with the regulations of the first paragraph of the preceding article, the Company shall be supplied by the Japanese Government with an amount equivalent to the interest of the debentures. In case the dividend rate exceeds six percent of the paid-up amount of shares, the amount of debentures shall cover their interest; in such cases, the Government's subsidies shall be paid by cancelling the said interest amount.

Article 56.

In case the profit of the Company is still left, after the payment of the interest of debentures, the remainder shall be paid to the shares owned by the Japanese and Manchoukuo Governments until the dividend rate for the paid-up amount of the total shares becomes equal. But in case the profit dividend for the shares owned by the Japanese and Manchoukuo Governments reaches 4.43 percent a year, the Company may pay the second dividend within the limit of four percent a year for the paid-up amount. In case the profit dividend for the shares owned by the Japanese and Manchoukuo Governments surpasses the rate of 4.43 percent a year, the Company may increase the second dividend within the limit of two percent a year for the paid-up amount by shareholders. The profit dividend for the shares owned by the Governments shall be paid on July 31 every year.

Article 57.

For the subsidies of the Japanese Government as provided in Article 55, interest of six percent a year shall be borne; the interest thus borne shall be included among the principal, and shall be calculated as a debt of the Company against the Japanese Government.

In case the profit dividend for the total shares of the Company surpasses the rate of ten percent a year, the excess amount shall be allotted to the refundment of the aforementioned debt.

Chapter 8. Organizing Expenses

Article 58.

The organizing expenses of the Company shall be limited to 50,000 yen.

Among the expenses of the preceding paragraph, those which the Government paid for the Company shall be refunded to the Government.

Supplementary Provisions:

In connection with the division of shares, caused by the revision of Article 7, shares for the fourth subscription shall be divided into 50 yen paid-up and 25 yen paid-up shares respectively, and those offered for the fifth subscription shall be divided into two 25 yen paid-up shares.

In order to put into force the aforementioned division of shares, the Company, effective from July 1, of the 4th year of Showa, 1929, shall suspend the transfer of shares for the term which the Company deems necessary for the issue of new shares, by making a previous announcement.

7th June, 21st year of Showa / 1946 /
Masakatsu SUZUKI, Chief of the Continental Section,
Economic Dept., Superintence Bureau,
Foreign Ministry.

(Doc. 440)

GENERAL HEADQUARTERS, SUPREME COMMAND ALLIED
POWERS
INTERNATIONAL PROSECUTION SECTION

Document No. 440

11 June 1946

CERTIFICATE

I, William C. Prout, hereby certify that I am associated with the International Prosecution Section, General Headquarters, Supreme Command Allied Powers, and that the attached document, consisting of 23 pages and described as follows: Articles of Incorporation of South Manchurian R.R. and dated June 7, 1906, was obtained by me on the date above set forth in my above capacity and in the conduct of my official business and in the following manner, to wit: (place and from whom obtained, including specific Japanese archives, records and files involved, if any) Central Liaison Office - Mr. Kofima.

/s/ William C. Prout
NAME
Investigator
RANK OR CAPACITY
I.P.S.
ASN

GENERAL HEADQUARTERS, SUPREME COMMAND ALLIED POWERS
INTERNATIONAL PROSECUTION SECTION

Document No. 440

11 June 1946

CERTIFICATE

I, William C. Prout, hereby certify that I am associated with the International Prosecution Section, General Headquarters, Supreme Command Allied Powers, and that the attached document, consisting of 9 pages and described as follows: "Law regarding the Japanese Imperial Corporations" and "Imperial Ordinance regarding South Manchurian Railway Co." and dated 1906, was obtained by me on the date above set forth in my above capacity and in the conduct of my official business and in the following manner, to wit: (place and from whom obtained, including specific Japanese archives, records and files involved, if any) Central Liaison Office - Mr. Kofima.

/s. William C. Prout
NAME
Investigator
RANK OR CAPACITY
I.P.S.
A.S.N.